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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	Case No. 18-23538 (RDD)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
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**DEBTORS' RESERVATION OF RIGHTS AND STATEMENT REGARDING
DIANA ARNEY'S RESPONSE TO MOTION TO ENFORCE SALE ORDER**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears, Roebuck de Puerto Rico, Inc.) (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation) (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is c/o M-III Partners, L.P., 1700 Broadway, 19th Floor, New York, NY 10019.

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Sears Holdings Corporation and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), submit this reservation of rights and statement in response to the objection filed at ECF No. 9807 (the “**Objection**”) of tort claimant Diana Arney (the “**Tort Claimant**”) to the *Motion to Enforce Order (I) Approving the Asset Purchase Agreement Among Sellers and Buyer, (II) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts, and Leases in Connection Therewith and (IV) Granting Related Relief* (ECF No. 9647) (the “**Motion**”), and respectfully represent as follows:

Statement and Reservation of Rights

1. Both the Motion and the Objection essentially involve a dispute between Transform SR Brands LLC’s (“**Transform**”) and the Tort Claimant relating to successor liability claims asserted by the Tort Claimant. In fact, the Tort Claimant has noted and has previously advised the Debtors that she is not seeking any recovery from the Debtors. *See* Obj. ¶14. Nevertheless, the Objection makes various assertions regarding the Debtors’ noticing practices during these chapter 11 cases. *See id.* ¶ 6. The Debtors have complied in all respects with Bankruptcy Rule 2002 and the *Amended Order Implementing Certain Notice and Case Management Procedures* (ECF No. 405) with respect to service of notice relating to the Bar Date

Order and the Sale Order.² Given that, at this juncture, the Tort Claimant is not seeking recovery from the Debtors, the Debtors expressly reserve all rights to respond to the Tort Claimant's allegations regarding notice at a later date, if necessary.

2. The Objection further describes the Tort Claimant's plan in the state court action to establish that a joint venture existed between the Debtors and Electrolux Home Products, Inc. ("**Electrolux**"). See Obj. ¶ 14. As the Court and all parties in interest are aware, the Debtors' funds are limited and the Debtors should not be required to bear the significant administrative expenses associated with such discovery. The Debtors request that any information required by the Claimant to establish the existence of a joint venture between the Debtors and Electrolux be sought from Electrolux in the first instance.

Dated: September 20, 2021
New York, New York

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² See Affidavit of Service of Nuno Cardoso Regarding Notice of Filing of Revised Proposed Order (I) Establishing Deadline to File Proofs of Claim and Procedures Relating Thereto, (II) Approving the Form and Manner of Notice Thereof, (III) Approving Procedures for the Resolution of Claims Asserted Pursuant to 11 U.S.C. § 503(b)(9), and (IV) Prohibiting Vendors from Pursuing Such Claims Outside the Procedures (ECF No. 2703); Affidavit of Service Of Joudeleen C. Frans Regarding Third Revised Proposed Order (I) Approving the Asset Purchase Agreement Among Sellers and Buyer (II) Authorizing the Sale of Certain of the Debtors Assets Free and Clear of Liens, Claims, Interests and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith and (IV) Granting Related Relief (ECF No. 2559).